

ST. JOHN THE BAPTIST PARISH LIBRARY

Annual Financial Report

As of and for the Year Ended

December 31, 2012

Under provisions of state law this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date SEP 25 2013

KEITH J. ROVIRA
Certified Public Accountant

**ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana**

**Basic Financial Statements
and Independent Auditor's Report
As of and for the Year Ended
December 31, 2012**

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INDEPENDENT AUDITOR'S REPORT

St. John the Baptist Parish Library
A Component Unit of the
St. John the Baptist Parish Council
LaPlace, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the St. John the Baptist Parish Library, a component unit of the St. John the Baptist Parish Council, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in the Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement,

including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the library's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the library's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective net position of the St. John the Baptist Parish Library, as of December 31, 2012, and the respective changes in net position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the St. John the Baptist Parish Library's basic financial statements. The supplementary information schedules, as listed in the table of contents, are presented for purpose of additional analysis and are not a required part of the basic financial statements.

The supplementary information schedules listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

As described in Note M to the Notes to the Financial Statements, the St. John the Baptist Parish Library has adopted the provisions of GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position in 2012.

In accordance with Government Auditing Standards, I have also issued a report dated April 30, 2013, on my consideration of the St. John the Baptist Parish Library's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the library's internal control over financial reporting and compliance.



Keith J. Rovira
Certified Public Accountant
Metairie, Louisiana

April 30, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Management's Discussion and Analysis
As of and for the year ended December 31, 2012

The Management's Discussion and Analysis (MD&A) of the St. John the Baptist Parish Library's financial performance presents a narrative overview and analysis of the library's financial activities for the year ended December 31, 2012. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the additional information contained in the basic financial statements. The MD&A is an element of the new reporting model adopted by the Government Accounting Standards Board (GASB) in their Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments" issued June, 1999. Certain comparative information between the current year and prior year has been presented in the MD&A.

FINANCIAL HIGHLIGHTS

The minimum requirements for financial reporting on the St. John the Baptist Parish Library's office that was established by GASB No. 34 are divided into the following sections:

- (a) Management's Discussion and Analysis
- (b) Basic Financial Statements
- (c) Required Supplementary Information (other than MD&A)

Basic Financial Statements:

The basic financial statements present information for the library as a whole, in a format designed to make the statements easier for the reader to understand. The financial statements in this section are divided into the two following types:

- (1) Government-Wide Financial Statements, which include a Statement of Net Position and a Statement of Activities. These statements present financial information for all activities of the library from an economic resources measurement focus using the accrual basis of accounting and providing both short-term and long-term information about the library's overall financial status.

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Management's Discussion and Analysis
As of and for the year ended December 31, 2012

(2) Fund Financial Statements, which include a Balance Sheet and a Statement of Revenues, Expenses, and Changes in Fund Balance for the General Fund (a governmental fund). These financial statements present information on the individual fund of the library allowing for more detail. The current financial resources measurement focus and the accrual basis of accounting used to prepare these statements is dependent on the fund type. The library's main governmental fund is the General Fund. The statements in this section represent the short-term financing of general government.

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Position
December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Current and other assets	\$7,505,152	\$6,901,121
Capital assets	<u>4,628,899</u>	<u>3,448,902</u>
Total Assets	<u>12,134,051</u>	<u>10,350,023</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>
Current liabilities	200,702	318,106
Long-term liabilities	<u>835,988</u>	<u>701,807</u>
Total Liabilities	<u>1,036,690</u>	<u>1,019,913</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>
Net Position:		
Invested in capital assets, net of debt	4,628,899	3,448,902
Restricted for endowment	5,000	5,000
Unrestricted	<u>6,463,462</u>	<u>5,876,208</u>
Total Net Position	<u>\$11,097,361</u>	<u>\$9,330,110</u>

The library has a net position "restricted" for an endowment totaling \$5,000. Restricted net positions represent those portions of net positions legally segregated for a specific future use.

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Management's Discussion and Analysis
As of and for the year ended December 31, 2012

The library also has "unrestricted" net position, and those are net position that do not have any limitations on what the amounts may be used for.

Statement of Activities
For the years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Revenues	\$4,298,399	\$3,818,778
Expenditures	<u>(3,068,740)</u>	<u>(3,751,707)</u>
Net Change in Fund Balance	<u>\$1,229,659</u>	<u>\$67,071</u>

The library's total expenditures increased by \$682,967, or 18%, which was primarily due to a significant decrease construction costs and office furnishings and equipment from the prior year. Total revenues increased by \$479,621, or 12%, which was due to a an increase in ad valorem taxes received for the current year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets:

The library had a net book value of \$4,628,899 invested in a broad range of capital assets, including the library collection, furniture and equipment, buildings and land as of December 31, 2012. This amount represents the original cost of all capital assets less their total accumulated depreciation, and reflects a net increase of \$1,179,997 from the prior year. This is due to the capitalization of constructions costs associated with the new Central Library branch addition being put into service.

Even though the library is restricted by state statute from owning buildings and land (real property), GASB Statement No. 34 requires that buildings be reported as capital assets on the library's Statement of Net Position and depreciated annually, as applicable, because the library has primary responsibility for managing and maintaining the building.

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Management's Discussion and Analysis
As of and for the year ended December 31, 2012

The table below lists capital assets by type, and the accumulated depreciation as of year-end:

	<u>2012</u>	<u>2011</u>
<u>Capital Assets</u>		
Library collection	\$3,603,210	\$3,559,331
Furniture and equipment	1,383,253	1,503,741
Buildings	4,116,613	2,858,875
Land	<u>40,000</u>	<u>40,000</u>
	9,143,076	7,961,947
Less: Accumulated depreciation	<u>(4,514,177)</u>	<u>(4,513,045)</u>
Net Capital Assets	<u>\$4,628,899</u>	<u>\$3,448,902</u>

Debt (Long-term Liabilities):

The Library's long-term debt outstanding at year end totaled \$835,988, and was comprised of other postemployment benefit obligations (OPEB) of \$764,018 and accrued annual leave of \$71,970. Total long-term debt increased by \$134,181 from the prior year primarily due to the current annual cost for the net OPEB obligation. Even though the Library Board does not have any future plans to fund its unfunded actuarial accrued liability (UAAL) at this time, Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions requires this disclosure.

ECONOMIC FACTORS AND THE 2013 BUDGET

The library considered the following factors and indicators when preparing its budget for the 2013 fiscal year-end: (1) ad valorem revenue will remain at approximately the same level as last year; (2) significant disbursements will be made for the renovation of the Central Library Building and the Parking Lot Expansion capital project funds; (3) the library anticipates that there will be increases in personnel and related benefit costs; and (4) increases are expected in the cost of the library's contents, including its library collection, furniture and fixtures, computer and office equipment, etc.

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Management's Discussion and Analysis
As of and for the year ended December 31, 2012

Baring any unforeseen events, the library expects that anticipated revenues and existing available funds for the year will be sufficient to meet its anticipated operating expenses.

CONTACTING THE LIBRARY'S MANAGEMENT

This financial report is designed to provide the citizens, taxpayers, investors and creditors with a general overview of the library's finances, and to show the library's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact Mr. Randy A. De Soto, Administrative Librarian of the St. John the Baptist Parish Library, 2920 Highway 51, LaPlace, Louisiana 70068, or telephone, 985-652-6857.

BASIC FINANCIAL STATEMENTS
(GOVERNMENT-WIDE FINANCIAL STATEMENTS)

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Statement of Net Position
December 31, 2012

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash (Note C)	\$3,353,934
Receivables:	
Ad valorem tax	3,990,002
FEMA reimbursements for Hurricane Isaac	67,855
State revenue sharing	<u>93,361</u>
Total Current Assets	<u>7,505,152</u>
Noncurrent Assets:	
Capital assets (net of depreciation) (Note D)	<u>4,628,899</u>
Total Noncurrent Assets	<u>4,628,899</u>
TOTAL ASSETS	<u>12,134,051</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	38,513
Sheriff's pension contribution payable	<u>162,189</u>
Total Current Liabilities	<u>200,702</u>
Long-term Liabilities (Note F):	
Net other postemployment benefit obligations (OPEB)	764,018
Accrued annual leave	<u>71,970</u>
Total Long-term Liabilities	<u>835,988</u>
TOTAL LIABILITIES	<u>1,036,690</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>
NET POSITION	
Invested in capital assets, net of related debt	4,628,899
Restricted for endowment	5,000
Unrestricted	<u>6,463,462</u>
TOTAL NET POSITION	<u>\$11,097,361</u>

The accompanying notes are an integral part of this statement.

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Statement of Activities
For the Year Ended December 31, 2012

EXPENSES**Library Services:**

Personnel services	\$1,830,936
Other postemployment benefit obligation (OPEB) Note F	136,981
Operating services	309,921
Material and supplies	66,699
Travel and other charges	6,838
Capital outlay	120,827
Depreciation	434,349
Deductions from ad valorem taxes for the Sheriff's retirement system	<u>162,189</u>

Total Expenses **3,068,740**

GENERAL REVENUES

Ad valorem taxes (net)	4,049,577
State revenue sharing	93,383
Fees, fines and charges for library services	56,741
Interest earnings	2,476
Outside grants, state aid and donations	79,406
Other revenue	<u>16,762</u>

Total General Revenues **4,298,399**

Change in Net Position **1,229,659**

Net Position at Beginning of Year,
As Previously Reported **\$9,330,110**

Prior Period Adjustment (Note L) **537,592**

Net Position at Beginning of Year,
As Restated **9,867,702**

Net Position at End of Year **\$11,097,361**

The accompanying notes are an integral part of this statement.

BASIC FINANCIAL STATEMENTS
(FUND FINANCIAL STATEMENTS)

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Balance Sheet
Governmental Funds
December 31, 2012

		<u>Capital Project Funds</u>			
	<u>General Fund</u>	<u>Central Library Constr.</u>	<u>Central Library Renovat.</u>	<u>Central Library Park.Lot</u>	<u>Total Govermt. Funds</u>
<u>ASSETS</u>					
Cash	\$2,427,494	-	\$433,670	\$492,770	\$3,353,934
Receivables:					
Ad valorem taxes	3,990,002	-	-	-	3,990,002
FEMA reimburse- ments for					
Hurricane Isaac	67,855	-	-	-	67,855
State rev. sharing	<u>93,361</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,361</u>
Total Assets	<u>\$6,578,712</u>	<u>-</u>	<u>\$433,670</u>	<u>\$492,770</u>	<u>\$7,505,152</u>
 <u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$30,095	-	\$7,954	\$464	\$38,513
Sheriff's pension contrib. payable	<u>162,189</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>162,189</u>
Total Liabils.	<u>192,284</u>	<u>-</u>	<u>7,954</u>	<u>464</u>	<u>200,702</u>
Fund Balance:					
Nonspendable	-	-	-	-	-
Restricted-endowment	5,000	-	-	-	5,000
Committed	-	-	-	-	-
Assigned	-	-	\$425,716	492,306	918,022
Unassigned	<u>6,381,428</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,381,428</u>
Total Fund Balance	<u>6,386,428</u>	<u>-</u>	<u>425,716</u>	<u>492,306</u>	<u>7,304,450</u>
Total Liabilities and Fund Balance	<u>\$6,578,712</u>	<u>-</u>	<u>\$433,670</u>	<u>\$492,770</u>	<u>\$7,505,152</u>

The accompanying notes are an integral part of this statement.

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2012

Total Fund Balance - Governmental Funds \$7,304,450

Amounts reported for governmental activities
in the Statement of Net Position are different
because:

Capital assets used in governmental
activities are not current financial
resources and, therefore, are not
reported in the Governmental Funds
Balance Sheet, net of accumulated
depreciation 4,628,899

Some liabilities are not due and payable
in the current period and therefore are
not reported in the funds. Those liabilities
consist of:

Net other postemployment benefit obligations (OPEB)	(764,018)
Accrued annual leave payable	<u>(71,970)</u>

Total Net Position of Governmental Activities \$11,097,361

The accompanying notes are an integral part of this statement.

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Statement of Revenues, Expenditures and
Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2012

		<u>Capital Project Funds</u>		
	<u>General Fund</u>	<u>Central Library Constr.</u>	<u>Central Library Renovat.</u>	<u>Central Library Park.Lot</u>
<u>REVENUES</u>				
Ad valorem taxes (net)	\$4,049,577	-	-	-
State revenue sharing	93,383	-	-	-
Fees, fines & charges for library services	56,741	-	-	-
Interest earnings	2,003	\$387	\$54	\$32
Outside grants, state aid and donations	79,460	-	-	-
Other revenue	<u>16,762</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>4,297,926</u>	<u>387</u>	<u>54</u>	<u>32</u>
<u>EXPENDITURES</u>				
Library Services:				
Personnel services	1,830,936	-	-	-
Operating services	419,933	15,059	32,628	2,727
Material & supplies	66,619	-	80	-
Travel and other charges	6,838	-	-	-
Capital outlay	473,296	520,049	46,610	-
Deductions from ad valorem taxes for Sheriff's retirement system	<u>162,189</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>2,959,811</u>	<u>535,108</u>	<u>79,318</u>	<u>2,727</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,338,115</u>	<u>(534,721)</u>	<u>(79,264)</u>	<u>(2,695)</u>

(Continued)

The accompanying notes are an integral part of this statement.

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Statement of Revenues, Expenditures and
Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2012

(CONTINUED)

Total
Governmental
Funds

\$4,049,577
93,383

56,741
2,476

79,460
16,762

4,298,399

1,830,936
470,347
66,699
6,838
1,039,955

162,189

3,576,964

721,435

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Statement of Revenues, Expenditures and
Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2012

(CONTINUED)

	<u>Capital Project Funds</u>			
	<u>General</u> <u>Fund</u>	<u>Central</u> <u>Library</u> <u>Constr.</u>	<u>Central</u> <u>Library</u> <u>Renovat.</u>	<u>Central</u> <u>Library</u> <u>Park.Lot</u>
OTHER FINANCING				
<u>SOURCES (USES)</u>				
Transfer in from:				
General Fund	-	-	-	\$495,000
Central Lib. Constr.	\$478,261	-	\$425,156	-
Transfer (out) to:				
Central Lib. Renovat.	(425,156)	-	-	-
Central Lib. Constr.	-	\$ (478,261)	-	-
Central Lib. Park. Lot	<u>(495,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(441,895)</u>	<u>(478,261)</u>	<u>425,156</u>	<u>495,000</u>
Excess of Revenues and Other Sources over Expenditures and Other Uses	896,220	(1,012,982)	345,892	492,305
Fund Balance at Beginning of Year	<u>5,490,208</u>	<u>\$1,012,982</u>	<u>79,825</u>	<u>-</u>
Fund Balance at End of Year	<u>\$6,386,428</u>	<u>-</u>	<u>\$425,717</u>	<u>\$492,305</u>

The accompanying notes are an integral part of this statement.

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Statement of Revenues, Expenditures and
Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2012

(CONTINUED)

Total
Governmental
Funds

\$495,000
903,417

(425,156)
(478,261)
(495,000)

-

721,435

6,583,015

\$7,304,450

ST. JOHN THE BAPTIST PARISH LIBRARY
 LaPlace, Louisiana
 Reconciliation of the Statement of Revenues,
 Expenditures and Changes in Fund Balance
 to the Statement of Activities
 For the Year Ended December 31, 2012

Net Change in Fund Balance - Governmental Funds	\$721,435
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current year:

Expenditures for capital assets	1,079,554	
Less: current depreciation expense	<u>(434,349)</u>	645,205

Some items reported in the Statement of Net Position do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Other postemployment benefit obligation (OPEB)	<u>(136,981)</u>
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Change in Net Position of Governmental Activities	<u>\$1,229,659</u>
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The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Notes to the Financial Statements
December 31, 2012

INTRODUCTION

The St. John the Baptist Parish Library was established by the parish governing authority under provisions of Louisiana Revised Statute (LSA-R.S.) 25:211 and is governed by a Board of Control that is appointed by the Parish Council in accordance with provisions of LSA-R.S. 25:214. The library provides citizens of the parish access to library materials in print resources, such as books and magazines, a wide variety of non-print resources, such as DVD's, several formats of audio-books, online research databases and electronic reference resources, electronic downloadable books (e-books), internet access and a small selection of music on compact disk. In addition to print and non-print resources, the library provides public access to computer workstations in all branches, conducts programs for children and adults, and provides access to meeting rooms when these spaces are not being used for library programs. The assets of the library are made available to nonresidents through a small fee for a non-resident card and through an inter-library loan agreement with the State Library of Louisiana.

The library served a community with a population of approximately 45,000 people in the current year as estimated by the United States Census Bureau. One main library and three branch libraries served approximately 174,000 users during the past year. The library has continued to expand its electronic access services being offered by adding additional electronic resources in addition to those provided by the State Library of Louisiana via the Louisiana Library Connection database program. A continuing increase of marketing for library resources and programs serves to inform the public on the variety and value of these resources.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Presentation

The accompanying basic financial statements of the St. John the Baptist Parish Library have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The St. John the Baptist Parish Library has adopted the provisions of Governmental Accounting Standards Board

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Notes to the Financial Statements
December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis -for State and Local Governments. In this regard, the library will be treated as a governmental-type activity for financial reporting purposes in this audit. The minimum requirements for the library established by GASB Statement No. 34 are divided into the following sections: (a) Management's Discussion and Analysis, (b) Basic Financial Statements, and (c) Required Supplementary Information (other than MD&A). The accompanying financial statements of the St. John the Baptist Parish Library present information only as to the transactions of the programs of the library as authorized by Louisiana statutes and administrative regulations. Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues, including ad valorem taxes, state revenue sharing, intergovernmental revenue, interest and other revenues of the library, are recognized in the accounting period in which they are earned and become measurable.

Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. They are recognized as revenue in the year the taxes are assessed.

Expense Recognition

Expenses are also recognized on the accrual basis; therefore, expenses, including salaries, operating services and expenses, materials and supplies, travel, capital outlay, intergovernmental expenses, etc. are recognized in the period incurred, if measurable.

2. Reporting Entity

As the governing authority of the parish, for reporting purposes, the St. John the Baptist Parish Council is the financial reporting entity for St. John the Baptist Parish. The financial reporting entity consists of (a) the primary government (St. John the Baptist Parish Council), (b) organizations for which the primary

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Notes to the Financial Statements
December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the St. John the Baptist Parish Council for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability.

The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. the ability of the parish council to impose its will on that organization, and/or
 - b. the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the parish council.
2. Organizations for which the parish council does not appoint a voting majority, but are fiscally dependent on the parish council.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the parish council appoints the governing board and because of the scope of public service, the library was determined to be a component unit of St. John the Baptist Parish Council, the governing body of the parish and the governmental body with oversight responsibility.

The accompanying financial statements present information only on those funds maintained by the

ST. JOHN THE BAPTIST PARISH LIBRARY
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Notes to the Financial Statements
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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

library and do not present information on the council, the general government services provided by that governmental unit, or the other governmental units that comprise the governmental reporting entity.

3. Fund Accounting

The library uses governmental fund types to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions and activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The library's governmental fund types are described as follows:

a. General Fund

The General Fund is the principal fund of the library and accounts for general activities, including the collection and disbursement of specific or legally restricted monies and the acquisition of capital assets. The various taxes, fees and charges due to the library are accounted for in this fund, as well as, general operating expenditures.

4. Budgets

All proposed budgets for the library were prepared on the cash basis of accounting. The original budgets were completed and made available for public inspection at the library on November 19, 2011. A public hearing was held on December 29, 2011, for suggestions and comments from the public, and the proposed budgets were formally adopted on that date. The budgets, which included proposed cash expenditures and the means of financing them, were published in the official journal prior to the public hearing. All appropriations lapse at year end, and any accounts payable outstanding at year end are included in the next year's budget with funds appropriated in that year to finance them. Formal budget integration is not employed as a management control device during the year; however, the administrative librarian monitors the budget during the year.

ST. JOHN THE BAPTIST PARISH LIBRARY
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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The administrative librarian is authorized to transfer amounts between line items within any fund. When actual cash revenues fail to meet budgeted cash revenues by five percent or more and/or actual cash expenditures exceed budgeted expenditures by five percent or more, a budget amendment to reflect such change is adopted by the library board in an open meeting. Budget amounts included in the accompanying financial statements include the original adopted budgets and all subsequent amendments. The original budgets were amended and made available for public inspection at the library on October 10, 2012. A public hearing was held on October 22, 2012, for suggestions and comments from the public, and the proposed amendments were formally adopted on that date.

5. Cash Deposits

Cash deposits include amounts in interest bearing demand deposits and a savings account. Under state law, the library may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, U.S. Treasury Bills or certificates of deposit with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

6. Receivables

There was a 2% allowance for doubtful accounts set up based on past experience of the differences between the amount of ad valorem taxes received and accrued as recorded on the financial statements.

7. Capital Assets

Capital assets are recorded at either historical cost or estimated historical cost and are depreciated over their estimated useful lives (excluding salvage value). Additions to the library collection are currently being recorded at the actual purchase price of the item. Any donated capital assets are recorded at their estimated fair value at the date of donation. The estimated useful life of an asset is management's estimate of how long the asset is expected to meet its service demands. Straight-line depreciation is used based on the following estimated useful lives: furniture and equipment - 5 years; vehicles - 5 years; outdoor metal furniture - 20 years; library collection - 7 years; buildings - 40 years.

ST. JOHN THE BAPTIST PARISH LIBRARY
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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The library board has a policy to record and depreciate furniture and equipment items that have a purchase price of \$1,000 or more.

Also, GASB Statement No. 34 requires that buildings be reported as capital assets on the library's Statement of Net Position and depreciated annually over 40 years, as applicable, because the library has primary responsibility for managing and maintaining its buildings.

8. Annual and Sick Leave

Vacation (annual) leave is accumulated by employees at a variable rate, which is predetermined by the library board and depends on the employee's years of service. The leave is accumulated on a per month basis and is credited at the end of each month. Upon separation from employment, the employee is paid for all vacation leave that is accumulated and credited to the employee. Employees may accumulate a maximum of two and one half times their rate of annual leave. A long-term liability is set up on the financial statements to account for the amount due to employees who have accumulated annual leave as of the end of the year.

Sick leave is granted to full-time, permanent employees at the rate of 12 working days (96 hours) per calendar year. Any unused amount of sick leave can be accumulated without limit and carried forward from one year to the next indefinitely. No compensation for unused sick leave is paid to employees upon retirement or termination. Unused sick leave is recorded and maintained for each employee and retiree in accordance with the rules of the Parochial Employees' Retirement System so that upon retirement the unused amount can be converted to additional retirement credit.

9. Restricted Net Position

Restricted net position represents those portions of assets legally segregated for a specific future use. The library restricts assets on the Statement of Net Position for an endowment received in 1976.

10. Encumbrances

Encumbrance accounting is not utilized by the library due to the nature of operations and the ability of management to monitor budgeted expenses on a timely basis.

ST. JOHN THE BAPTIST PARISH LIBRARY
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Notes to the Financial Statements
December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

12. Equity Classifications

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Invested in capital assets, net of related debt: consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position: consists of assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position: all other assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net position," or deferred outflows of resources, liabilities, and deferred inflows of resources.

In the fund financial statements, governmental fund equity is classified as fund balance. The library has adopted GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. As such, fund balances of the governmental funds are classified as follows:

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

ST. JOHN THE BAPTIST PARISH LIBRARY
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Notes to the Financial Statements
December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted: amounts that can be spent for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed: amounts that can be used only for specific purposes determined by a formal action of the library board. The board is the highest level of decision making authority for the library. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the board.

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. Under the library's adopted policy, only the board may assign amounts for specific purposes.

Unassigned: all other spendable amounts.

	<u>All Funds</u>
Nonspendable:	-
Restricted - endowment:	\$ 5,000
Committed:	-
Assigned:	918,022
Unassigned:	<u>6,381,428</u>
Total	<u>\$7,304,450</u>

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the library considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the library considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the board has provided otherwise in its commitment or assignment actions.

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Notes to the Financial Statements
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NOTE B - LEVIED TAXES

Through the parish council, the library is authorized to levy a 10-mill ad valorem tax for library operations, maintenance and construction. The library levied and received 9.94 mills for the year ended December 31, 2012.

NOTE C - CASH

At December 31, 2012, the carrying amounts (book balances) of all cash of the library was as follows:

<u>General Fund</u>			
Cash on hand	\$	550	
Interest bearing checking		2,419,166	
Savings accounts (Endowment)		<u>7,778</u>	2,427,494
<u>Capital Project Funds</u>			
Interest bearing checking:			
Central library renovation		433,670	
Central library parking lot		<u>492,770</u>	<u>926,440</u>
Total			<u>\$3,353,934</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2012, the library had \$3,432,071 in deposits (collected bank balances). These deposits were secured from risk by \$250,000 of federal deposit insurance and \$4,757,368 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the library that the fiscal agent has failed to pay deposited funds upon demand.

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Notes to the Financial Statements
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NOTE D - CAPITAL ASSETS

The capital assets used in the governmental-type activities are included on the Statement of Net Position of the library and are capitalized at historical cost. Depreciation of all exhaustible capital assets used by the library is charged as an expense against operations. Capital assets are reported net of accumulated depreciation on the Statement of Net Position. Depreciation expense for financial reporting purposes is computed using the straight-line method over the useful lives of the capital assets and is reported in the Statement of Activities.

A summary of changes in capital assets and accumulated depreciation during the year is listed as follows:

	<u>Balance</u> <u>12/31/11</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/12</u>
<u>Capital Assets</u>				
Library collection	\$3,559,331	\$284,327	\$240,448	\$3,603,210
Furniture and equipment	1,503,741	75,118	195,606	1,383,253
Buildings	2,858,875	1,257,738	-	4,116,613
Land	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>40,000</u>
Total	<u>\$7,961,947</u>	<u>\$1,617,183</u>	<u>\$436,054</u>	<u>\$9,143,076</u>
<u>Less Accumulated Depreciation</u>				
Library collection	\$2,623,897	\$275,496	\$240,448	\$2,658,945
Furniture and equipment	1,258,092	69,870	192,769	1,135,193
Buildings	631,056	88,983	-	720,039
Land	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$4,513,045</u>	<u>\$434,349</u>	<u>\$433,217</u>	<u>\$4,514,177</u>

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Notes to the Financial Statements
December 31, 2012

NOTE E - PENSION PLAN

Plan Description

Substantially all employees of St. John the Baptist Parish Library are members of the Parochial Employees Retirement System of Louisiana (System), a cost-sharing, multiple-employer defined pension benefit plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the library are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of credited service, or at any age with at least 30 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of the member's final-average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only, prior to January 1, 1980, the benefit is equal to one percent of the final-average salary plus \$24 for each year of supplemental plan only service earned prior to January 1, 1980. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average.

Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (504)928-1361.

Funding Policy

Under Plan A, members of the System are required to contribute 9.5% of their annual covered salary and the library is required to make employer contributions at an actuarially

ST. JOHN THE BAPTIST PARISH LIBRARY
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NOTE E - PENSION PLAN (CONTINUED)

determined rate. The employer's contribution rate for the year ended December 31, 2012 was 15.75% of annual covered payroll. Contributions to the System also include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and East Baton Rouge Parishes. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the library are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

The library's (employer) contributions to the System under Plan A for the years ended December 31, 2012, 2011 and 2010, were \$160,309, \$147,799, and \$122,820, respectively, and these amounts equaled the required contributions for each year.

NOTE F - LONG-TERM LIABILITIES

Accrued Annual Leave

At December 31, 2012, employees of the library have accumulated and vested amounts of employee annual leave benefits, which are computed in accordance with GASB Codification Section C60. This amount is recorded in the Statement of Net Position as a long-term liability, and the calculation is based on the number of hours each employee has earned and credited to their benefit times their individual hourly rate at the end of the year.

The following is a summary of the changes in accrued annual leave during the year:

Accrued annual leave payable at December 31, 2011	\$74,770
Additions	71,916
Deductions	<u>(74,716)</u>
Accrued annual leave payable at December 31, 2012	<u>\$71,970</u>

ST. JOHN THE BAPTIST PARISH LIBRARY
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NOTE F - LONG-TERM LIABILITIES (CONTINUED)

Other Postemployment Benefit Obligations (OPEB)

Plan Description: The library administers and contributes to a single-employer defined benefit health, dental and life insurance plan for retirees and active employees, as authorized by the library Board. The plan provides lifetime health and dental insurance for retirees, their spouses and dependents, and life insurance benefits for employees that retire at age 55 or older or have 30 years of service at any age. The library uses the same private insurance provider/carrier as the parish. No financial statements are available for the library's insurance plan.

The library implements Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. By adopting the requirements of GASB Statement No. 45, the library recognizes the cost of postemployment benefits in the year when employee services are rendered, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the library's future cash flows. Because the library has adopted the requirements of GASB Statement No. 45 prospectively, recognition of the liability accumulated from prior years is being phased in over 30 years, commencing with the 2009 liability.

Funding Policy: The library contributes 100% of the costs of the current year's health, dental and life insurance premiums for eligible retired employees. The library finances its plan from current available funds on a pay-as-you-go basis and records as that expense in the current financial statements, therefore no funds are reserved for payment of future health insurance premiums. For the years ended December 31, 2012 and 2011, the library contributed \$69,862 and \$61,021, respectively, to the plan for insurance premiums on behalf of the retired employees.

Annual OPEB Cost and Net OPEB Obligation: The library's annual other postemployment benefit (OPEB) is calculated based on the annual required contribution (ARC). The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years, the maximum amortization period allowed by GASB Statement No. 45, has been used for the post-employment benefits.

ST. JOHN THE BAPTIST PARISH LIBRARY
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Notes to the Financial Statements
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NOTE F - LONG-TERM LIABILITIES (CONTINUED)

The actuarial computed ARC is as follows:

	<u>2012</u>
Normal cost	\$ 99,072
30-year UAL amortization amount	<u>118,951</u>
Annual required contribution (ARC)	<u>\$218,023</u>

The following table shows the components of the library's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the library's net OPEB obligation to the plan:

Annual required contribution (ARC)	\$218,023
Interest on net OPEB obligation	25,081
Adjustments to Annual Required Contribution	<u>(36,261)</u>
Annual OPEB cost	206,843
Contributions made	<u>(69,862)</u>
Increase in Net OPEB Obligation	136,981
Beginning Net OPEB Obligation	<u>627,037</u>
Ending Net OPEB Obligation	<u>\$764,018</u>

The library's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation are as follows:

<u>Fiscal</u> <u>Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB</u> <u>Cost</u>	<u>% of</u> <u>Annual</u> <u>Cost</u> <u>Contrib.</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
12/31/10	\$261,764	27%	\$426,294
12/31/11	\$261,764	23%	\$627,037
12/31/12	\$206,843	34%	\$764,018

ST. JOHN THE BAPTIST PARISH LIBRARY
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Notes to the Financial Statements
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NOTE F - LONG-TERM LIABILITIES (CONTINUED)

Funded Status and Funding Progress: As of December 31, 2012, the actuarial accrued liability for benefits was \$2,056,920, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$997,681, and the ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll was 206%. See the Schedule of Funding Progress for yearly comparisons.

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of a plan and the employer's annual required contributions are subject to continued revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial Cost Method - For 2012, the ARC was determined using the Projective Unit Credit Cost Method. The employer portion for the cost of retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality and turnover.

Actuarial Value of Plan Assets - There are no plan assets. It is anticipated, that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASb Statement 45.

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Notes to the Financial Statements
December 31, 2012

NOTE F - LONG-TERM LIABILITIES (CONTINUED)

Turnover Rate - An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 5%.

Post-employment Benefit Plan Eligibility Requirements - Based on past experience, it has been assumed that entitlement to benefits will commence five years after eligibility to enter the D.R.O.P. The five years represents the three years in the D.R.O.P. plus two additional years. Medical benefits are provided to employees upon actual retirement.

Investment Return Assumption (Discount Rate) - GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan that is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

Healthcare Cost Trend Rate - The expected rate of increase in healthcare insurance premiums is based on graded schedule beginning with 8% annually, reduced down to an ultimate rate of 5% after ten years and later.

Mortality Rate - The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% for the unloaded female mortality rates, is used. This is recently used mortality table. Projected future mortality improvement has not been used since it is our opinion that this table contains sufficiently conservative margin for the population involved in this valuation.

Method of Determining Value of Benefits - The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays 100% of the cost of the medical insurance for the retirees and their dependents, but it is based on the blended active/retired rate prior to age 65. Since GASB 45 requires that unblended rates be used, we have estimated the unblended retiree rate before 65 to be 130% of the blended rate.

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Notes to the Financial Statements
December 31, 2012

NOTE F - LONG-TERM LIABILITIES (CONTINUED)

Inflation Rate - Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit assumption of 2.50% annually.

Projected Salary Increases - This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

Post-retirement Benefit Increases - The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

NOTE G - LEASES AND COMMITMENTS

The library had one operating lease agreement for building space at year end. The lease is for interim office space in LaPlace for the library staff during the construction and renovation of the central library branch. For only three months of the current year, the library leased the building on a month-to-month basis at \$1,000 per month. During the current year these office were moved to the main branch in LaPlace, so lease payments totaling only \$3,000 were made.

In addition, the library has entered into separate operating lease agreements for five copier machines for the main library and its branch locations.

Total annual minimum lease commitments for all (office and copiers) operating leases are as follows:

Year ending December 31:

2013	\$ 7,296
2014	5,424
2015	3,552
2016	3,552
2017	<u>3,256</u>

Total minimum lease payments	<u>\$23,080</u>
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The library has no other capital or operating leases open at December 31, 2012.

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Notes to the Financial Statements
December 31, 2012

NOTE H - ENDOWMENT (RESTRICTED ASSET)

On August 19, 1976, the library received an endowment of \$5,000 in memory of Dr. John Smyth. In accordance with the endowment agreement, this money is invested in an interest bearing account. The interest earnings from this investment are used to purchase books for the library.

NOTE I - LITIGATION

According to the library's attorney, the library was not involved in any litigation at December 31, 2012, which would require presentation in financial statements or notes thereto. Therefore, no provision for liability has been set up in the accompanying basic financial statements.

NOTE J - RISK MANAGEMENT

The library is exposed to risks of loss in the areas of general and auto liability and workers' compensation. Those risks are handled by purchasing commercial insurance. There have been no significant reductions in insurance coverage during the current year, nor have there been any settlements which have exceeded the insurance coverage maintained for the past three years.

NOTE K - SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 30, 2013, the date which the financial statements were available to be issued.

NOTE L - PRIOR PERIOD ADJUSTMENT

On the Statement of Activities for the current year (2012), "Net Position at the Beginning of the Year" was increased by \$537,592 to reflect expenditures incurred in prior years on the construction of the Central Library Construction Capital Project Fund. Accounting standards require expenditures to be charged as a capital "outlay" item during construction of an ongoing project, and then subsequently capitalize the entire cost of the project as a

ST. JOHN THE BAPTIST PARISH LIBRARY
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NOTE L - PRIOR PERIOD ADJUSTMENT (CONTINUED)

capital "asset" in the year (2012) the building is completed and put into service. In this case, \$537,592 of expenditures from prior years needed to be added back to Beginning Net Position, and an equal amount needed to be capitalized on the Statement of Net Position under the line-item, "Capital assets (net of depreciation)."

NOTE M - NEW ACCOUNTING PRONOUNCEMENTS

During the fiscal year ended December 31, 2012, the library has adopted the provisions of GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, which provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The Statement of Net Assets has been renamed the Statement of Net Position, and includes the following elements: assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

REQUIRED SUPPLEMENTARY INFORMATION (RSI)

ST. JOHN THE BAPTIST PARISH LIBRARY
 LaPlace, Louisiana
 Required Supplementary Information
 Budgetary Comparison Schedule
 Statement of Receipts, Disbursements and Changes in
 Cash Balance - Budget (Cash Basis) and Actual
 General Fund
 For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
RECEIPTS				
Ad valorem taxes	\$3,629,460	\$3,644,659	\$3,655,921	\$11,262
State revenue sharing	100,000	96,822	64,555	(32,267)
Fees, fines & charges for library services	34,850	36,280	50,517	14,237
Interest earnings	2,025	2,003	2,003	-
Outside grants, state aid and donations	100	11,605	11,605	-
Other revenue	<u>6,280</u>	<u>10,736</u>	<u>22,476</u>	<u>11,740</u>
Total Receipts	<u>3,772,715</u>	<u>3,802,105</u>	<u>3,807,077</u>	<u>4,972</u>
DISBURSEMENTS				
Salaries, related benefits and payroll taxes	2,267,203	2,291,203	1,830,936	460,267
Operating services	593,662	613,215	415,500	197,715
Materials and supplies	85,000	96,500	59,612	36,888
Travel and other charges	22,000	22,000	6,838	15,162
Capital outlay	788,951	789,187	462,555	326,632
Intergovernmental	<u>150,000</u>	<u>150,000</u>	<u>149,257</u>	<u>743</u>
Total Expenditures	<u>3,906,816</u>	<u>3,962,105</u>	<u>2,924,698</u>	<u>1,037,407</u>
Excess (Deficiency) of Receipts over Disbursements	<u>(134,101)</u>	<u>(160,000)</u>	<u>882,379</u>	<u>1,042,379</u>

(Continued)

The accompanying notes are an integral part of this statement.

ST. JOHN THE BAPTIST PARISH LIBRARY
 LaPlace, Louisiana
 Required Supplementary Information
 Budgetary Comparison Schedule
 Statement of Receipts, Disbursements and Changes in
 Cash Balance - Budget (Cash Basis) and Actual
 General Fund
 (Continued)
 For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
OTHER FINANCING				
<u>SOURCES (USES)</u>				
Transfers in	-	\$442,022	\$478,261	\$36,239
Transfers (out)	<u>\$(420,000)</u>	<u>(920,156)</u>	<u>(920,156)</u>	<u>-</u>
Total Other				
Sources (Uses)	<u>(420,000)</u>	<u>(478,134)</u>	<u>(441,895)</u>	<u>36,239</u>
Excess (Deficiency)				
of Receipts over				
Disbursements and				
Other Financing				
Uses	(554,101)	(638,134)	440,484	1,078,618
Cash, Balance at				
Beginning of Year	<u>1,348,114</u>	<u>2,022,042</u>	<u>1,987,010</u>	<u>(35,032)</u>
Cash, Balance at				
End of Year	<u>\$794,013</u>	<u>\$1,383,908</u>	<u>\$2,427,494</u>	<u>\$1,043,586</u>

The accompanying notes are an integral part of this statement.

ST. JOHN THE BAPTIST PARISH LIBRARY
 LaPlace, Louisiana
 Required Supplementary Information
 Budgetary Comparison Schedule
 Statement of Receipts, Disbursements and Changes in
 Cash Balance - Budget (Cash Basis) and Actual
 Central Library Construction
 For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
RECEIPTS				
Interest earnings	<u>\$100</u>	<u>\$300</u>	<u>\$387</u>	<u>\$87</u>
Total Receipts	<u>100</u>	<u>300</u>	<u>387</u>	<u>87</u>
 <u>DISBURSEMENTS</u>				
Operating services	<u>71,000</u>	<u>24,000</u>	<u>15,059</u>	<u>8,941</u>
Capital outlay	<u>450,000</u>	<u>715,560</u>	<u>680,474</u>	<u>35,086</u>
Total Expenditures	<u>521,000</u>	<u>739,560</u>	<u>695,534</u>	<u>44,026</u>
Excess (Deficiency) of Receipts over Disbursements	<u>(520,900)</u>	<u>(739,260)</u>	<u>(695,147)</u>	<u>44,113</u>
 <u>OTHER FINANCING</u>				
<u>SOURCES (USES)</u>				
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfers out	<u>-</u>	<u>(442,022)</u>	<u>(478,261)</u>	<u>(36,239)</u>
Total Other Sources (Uses)	<u>-</u>	<u>(442,022)</u>	<u>(478,261)</u>	<u>(36,239)</u>
Excess (Deficiency) of Receipts over Disbursements and Other Financing Uses	<u>(520,900)</u>	<u>(1,181,282)</u>	<u>(1,173,407)</u>	<u>7,875</u>
Cash, Balance at Beginning of Year	<u>600,000</u>	<u>1,181,282</u>	<u>1,173,407</u>	<u>\$(7,875)</u>
Cash, Balance at End of Year	<u>\$79,100</u>	<u>-</u>	<u>-</u>	<u>-</u>

The accompanying notes are an integral part of this statement.

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Required Supplementary Information
Budgetary Comparison Schedule
Statement of Receipts, Disbursements and Changes in
Cash Balance - Budget (Cash Basis) and Actual
Central Library Renovation
For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
RECEIPTS				
Interest earnings	<u>\$100</u>	<u>\$100</u>	<u>\$54</u>	<u>\$46</u>
Total Receipts	<u>100</u>	<u>100</u>	<u>54</u>	<u>46</u>
 <u>DISBURSEMENTS</u>				
Operating services	<u>59,500</u>	<u>65,081</u>	<u>24,755</u>	<u>40,326</u>
Capital outlay	<u>440,000</u>	<u>440,000</u>	<u>46,610</u>	<u>393,390</u>
Total Expenditures	<u>499,500</u>	<u>505,081</u>	<u>71,365</u>	<u>433,716</u>
Excess (Deficiency) of Receipts over Disbursements	<u>(499,400)</u>	<u>(504,981)</u>	<u>(71,311)</u>	<u>433,670</u>
 <u>OTHER FINANCING</u>				
<u>SOURCES (USES)</u>				
Transfers in	<u>420,000</u>	<u>425,156</u>	<u>425,156</u>	<u>-</u>
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Sources (Uses)	<u>420,000</u>	<u>425,156</u>	<u>425,156</u>	<u>-</u>
Excess (Deficiency) of Receipts over Disbursements and Other Financing Uses	<u>(79,400)</u>	<u>(79,825)</u>	<u>353,845</u>	<u>433,670</u>
Cash, Balance at Beginning of Year	<u>79,672</u>	<u>\$79,825</u>	<u>79,825</u>	<u>-</u>
Cash, Balance at End of Year	<u>\$ (272)</u>	<u>-</u>	<u>\$433,670</u>	<u>\$433,670</u>

The accompanying notes are an integral part of this statement.

ST. JOHN THE BAPTIST PARISH LIBRARY
 LaPlace, Louisiana
 Required Supplementary Information
 Budgetary Comparison Schedule
 Statement of Receipts, Disbursements and Changes in
 Cash Balance - Budget (Cash Basis) and Actual
 Central Parking Lot
 For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
RECEIPTS				
Interest earnings	-	-	\$32	\$32
Total Receipts	-	-	32	32
 <u>DISBURSEMENTS</u>				
Operating services	-	\$100,000	2,262	97,738
Capital outlay	-	395,000	-	395,000
Total Expenditures	-	495,000	2,262	492,738
Excess (Deficiency) of Receipts over Disbursements	-	(495,000)	(2,230)	492,770
 <u>OTHER FINANCING</u>				
<u>SOURCES (USES)</u>				
Transfers in (out)	-	495,000	495,000	-
Total Other Sources (Uses)	-	\$495,000	495,000	-
Excess (Deficiency) of Receipts over Disburse- ments and Other Financing Uses	-	-	492,770	492,770
Cash, Balance at Beginning of Year	-	-	-	-
Cash, Balance at End of Year	-	-	\$492,770	\$492,770

The accompanying notes are an integral part of this statement.

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Required Supplementary Information
Schedule of Funding Progress
Retirees Health, Dental and Life Insurance Plan
For the Year Ended December 31, 2012

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
12/31/10	\$0	\$2,561,142	\$2,561,142	0%	\$688,752	372%
12/31/11	\$0	\$2,561,142	\$2,561,142	0%	\$700,672	366%
12/31/12	\$0	\$2,056,920	\$2,056,920	0%	\$997,681	206%

INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

St. John the Baptist Parish Library
A Component Unit of the
St. John the Baptist Parish Council
LaPlace, Louisiana

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the St. John the Baptist Parish Library, a component unit of the St. John the Baptist Parish Council, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the St. John the Baptist Parish Library's basic financial statements and have issued my report thereon dated April 30, 2013.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the St. John the Baptist Parish Library's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the St. John the Baptist Parish Library's internal control. Accordingly, I do not express an opinion on the effectiveness of the St. John the Baptist Parish Library's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, I identified a certain deficiency in the internal control over financial reporting that I consider to be a material weakness and significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiency described in the accompanying schedule of findings and responses to be a material weakness (Finding No. 1).

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I considered the significant deficiency described in the accompanying schedule of findings and responses to be a significant deficiency (Finding No. 1).

Compliance and Other Matters


As a part of obtaining reasonable assurance about whether the St. John the Baptist Parish Library's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

St. John the Baptist Parish Library's Response to Finding

The St. John the Baptist Parish Library's response to the finding identified (Finding No. 1) in our audit is described in the accompanying schedule of prior and current audit findings and management's corrective action plan. The library's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the library's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the library's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

A handwritten signature in black ink, reading "Keith J. Rovira". The signature is written in a cursive, flowing style.

Keith J. Rovira
Certified Public Accountant
Metairie, Louisiana

April 30, 2013

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Schedule of Prior and Current Year Audit Findings and
Managements Corrective Action Plan
For the Year Ended December 31, 2012

I have audited the accompanying basic financial statements of the St. John the Baptist Parish Library, a component unit of the St. John the Baptist Parish Council, as of and for the year ended December 31, 2012, and have issued my report thereon dated April 30, 2013. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. My audit of the financial statements as of December 31, 2012 resulted in an unqualified opinion.

I. Prior Year Audit Findings

Compliance:

There were no findings on compliance that were required to be reported.

Internal Control over Financial Reporting:

Finding No. 1 - Inadequate Segregation of Accounting Functions:

Due to the small number of employees in accounting department, the library did not have adequate segregation of duties and functions with the accounting system.

Management's Corrective Action Plan:

The library has determined that it is not cost effective to achieve complete segregation of duties and functions within the accounting department. No plan is considered necessary at this time.

Management Letter:

No management letter was issued for the prior year.

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Schedule of Prior and Current Year Audit Findings and
Managements Corrective Action Plan (Continued)
For the Year Ended December 31, 2012

II. Current Year Audit Findings

Compliance:

There were no findings on compliance that were required to be reported.

Internal Control over Financial Reporting:

Finding No. 1 - Inadequate Segregation of Accounting Functions:

Due to the small number of employees in accounting department, the library did not have adequate segregation of duties and functions with the accounting system.

Management's Corrective Action Plan:

The library has determined that it is not cost effective to achieve complete segregation of duties and functions within the accounting department. No plan is considered necessary at this time.

Management Letter:

No management letter was issued for the current year.

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Supplementary Information Schedules
Schedule of Per Diem Paid to Board Members
For the Year Ended December 31, 2012

	<u>Meetings Attended</u>	<u>Per Diem</u>
Norris J. Millet	11	\$ 550
Leroy D. Williams	10	500
Hebert Smith	10	500
George W. Haas	11	550
Denice M. Borne	5	250
Geanell Wagner	<u>2</u>	<u>100</u>
	<u>49</u>	<u>\$2,450</u>

Board members are paid \$50 for each meeting they attend.